

[Sri. A. J. John]

	Budget Estimate 1951—52 (Rs. in lakhs)	Revised Estimate 1950—51 (Rs. in lakhs)
REVENUE ACCOUNT		
A. Revenue		
(1) Ordinary	1179.64	1112.33
(2) Guaranteed re-imbursement of revenue gap by the Centre	307.57	320.00
Total of 'A'	1487.21	1432.33
B. Expenditure on Revenue Account		
(1) Ordinary expenditure	1366.32	1203.64
(2) Food subsidy	125.00	130.00
(3) Expenditure under Post-war Re- construction Schemes	85.09	71.84
Deduct Amounts debited to Post-war Reconstruction Fund	(—)85.09	..
Total of 'B'	1491.32	1405.48
C. Surplus or Deficit	(—)4.11	(+)26.85

Salient features of the Budget

19. It is usual to compare the estimate for the coming year under important heads with the revised estimate for the current year and to give brief explanation for the variations. But I do not propose to do so this time because, as already stated, the major and minor heads of revenue and expenditure have been recast in accordance with the revised budget classifications and so there is no basis for comparing the figures for the ensuing year with those of the current and previous years. I shall, however, detail the salient features of the budget for the coming year.

Changes in the Tax Structure

20. In my speech introducing the Budget for the current year, I state that the question of imposing a uniform system of land tax in Travancore and Cochin had been referred to the Land Committee. Government have decided to extend the scheme of basic tax on land to the Cochin area also. As a result of the intensified collection of arrears the additional revenue expected from Kandukrishi lands and the lease of lands for Grow-more-food in the Devicolam and Peermade Taluks, an increase of about Rs. 10 lakhs under Land Revenue is anticipated during the coming year.

21. It is not proposed to impose any new tax during the year. A slight increase of $12\frac{1}{2}$ per cent. on the existing rate of duty on country arrack is, however, proposed. This measure is expected to yield a revenue of about Rs. 2 lakhs.

Additional Revenue from Existing Sources

22. (i) Income-tax (Agricultural Income-tax).

Against an estimate of Rs. 62.5 lakhs anticipated this year, it is expected that about Rs. 30 lakhs only will be actually collected, due to the delay in bifurcating the composite files dealing with both Income-tax and Agricultural Income-tax between the Central Income-tax authorities and State Departments. It is expected that including the arrears for this year, the Revenue under this head for the next year will stand at Rs. 70 lakhs.

(ii) *Forest*.—An increase of as much as Rs. 27 lakhs under Forests over the revised estimate for current year is due to the expectation of better sales and satisfactory fulfilment of contracts with the Government of India for the supply of timber and soft wood. The actuals for the completed months justify this anticipation.

(iii) *Other taxes and duties*.—Under this head 'Sales Tax' is expected to yield an additional revenue of about Rs. 48 lakhs. Though this tax was introduced only about 2 years ago, according to the current rate of collection and the results of the completed months of the current year, the increase of revenue anticipated is not excessive.

Sales tax, which is one of the few elastic sources of revenue left to the State, is now the mainstay of our public finance. In administering this tax the Government are very anxious to protect the cost of living of the poorer sections of the people and for this purpose, articles of common necessity like foodgrains, vegetables, fresh milk, fresh fish and eggs used for domestic consumption, firewood, kerosene, medicines dispensed by registered practitioners to their patients in their own dispensaries, etc., are totally exempt from sales tax. The sales tax collected by dealers has been recently excluded from the turn-over for the purpose of assessment. Government have under consideration a proposal for the re-orientation of the Sales Tax Act in the light of the experience gained by its administration during the last two years. There are, however, several complicated issues of a legal and constitutional nature like the interpretation to be placed upon Article 286 (1) and (2) of the Constitution and the essential articles to be exempted under Article 286 (3) which have to be settled before a comprehensive enactment modifying the present Sales Tax Act could be introduced.

(iv) *Education*.—Under Education, an increase of about Rs. 13 lakhs is anticipated mainly on account of receipts under "Text Books" now brought under this head due to the change in the accounting procedure adverted to, consequent on the new budgeting procedure.

(v) *Industries and Supplies*.—This is another important item where an increase of revenue is anticipated mainly due to the receipts from the Minerals Concerns and some of the Government-owned Industries. It is expected that the receipts from the Travancore Minerals Concerns will show an increase of about Rs. 9 lakhs over the revised estimate for the current year.

(vi) *Civil Works*.—The increase under Civil works is due to the transfer of the Reserve Fund for P. W. D. original works under "Debt Heads" and appropriation of the sum of Rs. 38.7 lakhs standing to its credit to the Consolidated Fund, as the purpose for which the Fund was created has ceased to exist and it cannot therefore be further operated upon.

(vii) *Miscellaneous*.—The receipts from investments in shares in industrial concerns are now shown under this head. It is gratifying to note that some of our important industrial concerns have begun to declare dividends. The Travancore Cements have declared a dividend of 5 per cent and the Fertilisers & Chemicals, Travancore Ltd., and the Aluminium Industries Ltd., are also expected to declare dividends.

(viii) These increases in revenue are off-set by decrease under "Debt Services Interest" to the extent of Rs. 40 lakhs, mainly due to the new procedure of accounting by which the receipts under "Interest" from Government commercial concerns are taken as reduction on the expenditure side under "Interest" and not as receipt under interest as hitherto.

(xi) *Transport*.—The net receipts from Transport are estimated at Rs. 15 lakhs against the net receipt of Rs. 20 lakhs in the revised estimate for the current year. This is due to the fact that the maintenance expenditure of Rs. 10 lakhs in

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respect of the nationalised bus routes is proposed to be debited to "Transport Working Expenses" instead of to "Civil Works".

Revenue Expenditure

23. Turning to the expenditure side, provision has been made only for those items of new expenditure which are unavoidable and are likely to be immediately remunerative. The expenditure on account of travelling allowance and contingencies has also been scrutinised with great care and very substantial cuts have been made.

24. In this connection the House will be interested to know that out of the gross expenditure of Rs. 1,491.32 lakhs provided in the Budget, nearly 20 per cent, or Rs. 268.48 lakhs is in respect of obligatory expenditure like interest, pensions, fixed contribution to Devaswams and Sreepandaravagai Fund allowances to members of the Ruling Families of Travancore and Cochin, and Sinking Fund Investments. In addition a sum of Rs. 9.45 lakhs is charged to the revenue for payment of allowances to the Rajpramukh, the Speaker and Deputy Speaker of the Assembly, and Salaries to the Judges of the High Court and Members of the Public Service Commission. The expenditure covered by standing sanctions for the payment of salaries and allowances to officers of Government and expenditure under T. A. and Contingencies accounts for another Rs. 5 crores nearly. These items are not capable of reduction to any appreciable extent and have to be met in any case. The total of the obligatory charged and sanctioned expenditure is about Rs. 8 crores which leaves only about Rs. 7 crores for nation-building activities. It is with this background that the budget estimate for the coming year has to be considered.

With these preliminary remarks, I shall now pass on to the detailed analysis of the important items of expenditure.

25. In respect of expenditure on existing services in administrative departments, including law and order, no special allotments have been made. In view, however, of the transfer of Military to the Centre, the police force required for internal security has to be strengthened. A lump sum provision of Rs. 5 lakhs has been made for this purpose.

Development Schemes

FOOD SUPPLIES AND GROW MORE FOOD

26. The most anxious problem which the Government have to face is that of providing adequate supplies of food to the people at reasonable prices. In normal years the State is deficit in its food production by about 50 per cent. of its requirements and during this year the food shortage was accentuated by natural calamities like the failure of the monsoon and the breaching of the bunds in the Kuttanad reclamation areas. The food situation in the coming year is expected to be very difficult. For the year 1951 we have been allotted 325,000 tons of food grains as against our over-all requirement of about 478,000 tons. On account of the difficult food position in the country as a whole, the over-all ration throughout the Union has been reduced by 25 per cent. and fixed at 9 oz. per adult. Accordingly the composition of the ration in the State has been fixed at 7 oz. rice and 2 oz. wheat and other grains. We have made strong representations to the Centre to allot more food grains to the State, but there is no immediate prospect of securing additional supplies. It is hoped that the stock position in the Union may improve after April and we are assured that our request for more foodgrains will then be favourably considered. In the meantime, Government are endeavouring their utmost to augment the production of food in the country.